

# District of Columbia Section 1115 Waiver Proposal

Project Overview

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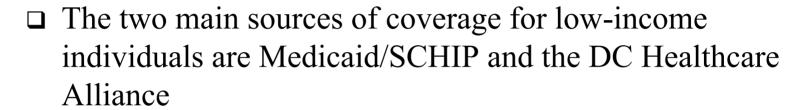
State Planning Grant Meeting

August 12, 2004

#### Overview of Presentation

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#### DC Context



- □ The Alliance was created after the closing of DC General, in order to provide a regular source of care to individuals who previously relied on the public hospital
- □ Because these programs provide coverage to all groups below 200% of the poverty level, the uninsured rate for non-elderly adults is 9%, well below the national average of 19%

#### DC Context (cont.)

- ☐ The Alliance has had many successes, including giving patients a regular source of primary care and reducing hospitalizations and ER visits
- □ However, it was never DC's intention to continue this program indefinitely with 100% local funding
- ☐ The Medical Assistance Administration turned to EP&P Consulting for assistance in securing federal funding for the Alliance through a waiver program

#### **Project Goal**

- □ Principal goal is to save D.C. dollars by securing federal funding for the D.C. Healthcare Alliance
  - Medicaid and/or State Children's Health Insurance
     Program (SCHIP) funding can be secured through a federal waiver
  - The federal Department of Health and Human Services
     (HHS) is interested in waivers that expand health
     insurance coverage we would base our proposal on
     the fact that the Healthcare Alliance is a model program
     for the uninsured

## Waiver Background

- ☐ In order to understand the role of waivers, it is first important to understand how the Medicaid program ordinarily operates:
  - Medicaid is an "all or nothing" program once a state decides to cover a certain population, everyone in that population who applies must be covered, and everyone must get the same benefits
  - Medicaid can only cover certain "categories" of people,
     e.g., parents, children, pregnant women, the elderly, the disabled



- ☐ Waivers are devices to allow states to use federal funding in ways not ordinarily allowed under the law
  - This can mean using different rules for different groups (deviating from the "all or nothing" concept)
  - It can also mean covering populations not permitted under law, e.g., childless adults as in DC's existing age 50-64 waiver
  - Certain things cannot be waived, such as using federal funds to cover non-qualified aliens



- □ States have also been able to use waivers to secure federal funding for programs that were previously state-funded
- ☐ Waivers can also be used as a tool to restructure health care delivery systems
- ☐ An additional benefit of pursuing a waiver is the ability to draw down federal funds that previously were not captured



- □ Waivers are authorized under Section 1115 of the Social Security Act
- □ Waivers must be approved by the Centers for Medicare and Medicaid Services (CMS)
- □ Waivers can also be avenues for the federal government to pursue health policy objectives
  - In the early 1990s, waivers were seen as a laboratory for testing health care reform ideas
  - Today, the Health Insurance Flexibility and Accountability (HIFA) waivers advance the goal of covering the uninsured in partnership with employers



- □ D.C. could benefit from a waiver because:
  - Federal funding could replace some of the District dollars in the Healthcare Alliance
  - The District could use the waiver to use unclaimed
     SCHIP funds



- □ An important concept in waiver design is **budget** neutrality:
  - Budget neutrality means demonstrating that the waiver costs the federal government no more than would be the case in the absence of the waiver
  - CMS uses a "without waiver" vs. "with waiver" comparison to measure budget neutrality





- Any costs associated with individuals who could fall into a Medicaid category are counted (e.g., parents of dependent children, the disabled)
- This cancels out the costs of these populations on the "with waiver" side of the equation
- The "without waiver" component cannot include the so-called non-categoricals, i.e., non-disabled adults without dependent children (those who do not fit into a Medicaid category under the law this would likely include many Alliance members)

## Waiver Background (cont.)

- ☐ There are several ways to cover the "with waiver" cost of non-categoricals in the "without waiver" component:
  - Using unspent SCHIP funds (D.C. has approx \$3 million/year)
  - Re-directing disproportionate share hospital payments
  - Generating savings by making benefit package or cost sharing modifications to the existing program

## **Project Status**

- □ Waiver issues have been grouped into short-term and long-term decision points
- □ Short-term decision points include:
  - Who should be in the waiver for federal funding purposes?
  - Should any existing Medicaid benefits be changed to generate savings?
  - What benefit package and service delivery system should be used in the waiver?

#### Project Status (cont.)

- □ Our recommendations on the short-term issues are as follows:
  - Overlap the Alliance population with the waiver to the greatest extent possible
  - Make no reductions in current Medicaid benefits
  - Consider adding dental benefits to Medicaid for the sake of consistency with the Alliance benefit package
  - Use the Alliance service delivery system



- □ Long-term decision points include:
  - Consideration of benefit standardization (e.g., mental health for Alliance enrollees)
  - Permanent service delivery system and administrative structure
- ☐ These issues will be addressed post-approval, with the assistance of a broad-based work group

#### Federal Issues

- ☐ In order to maximize federal funding there are two major federal issues to be resolved:
  - Maintenance of effort (this is an issue because federal funding will be replacing local funding)
  - Budget neutrality (this is an issue because most
     Alliance enrollees do not fit into a Medicaid category)
- ☐ In addition, it is important to secure an expedited review and approval

# Next Steps

- □ Additional data analysis
  - Alliance enrollees' potential disability status (for budget neutrality purposes)
- □ Waiver preparation
- □ Council approval
- □ Submission to CMS